

Health Insurance Advisory Council

October 18, 2005

5 – 6:30 PM – DBR Hearing Room

Minutes

Attendance:

Members: Rick Brooks (Co-Chair), Domenic Delmonico, Patrick Quinn, Howard Dulude, Serena Sposato, Hub Brennan, Annemarie Monks, Dan Egan, Ann Rhodes, Craig O' Connor, Chris Koller (Co-Chair)

Health Plans: Tom Boyd, Tom Nyzio, Ken Pariseau

OHIC Staff: John Cogan, Adrienne Evans

Excused: Mike Frazier, Lisa Ahart, Peter Quattromani. Howard Dulude, Matthew Stark

1. Introductions

- Members of the Council Introduced themselves.**

2. Minutes

- Minutes from the September meeting were reviewed. There were no changes suggested. Not all members remembered receiving copies – they will be redistributed with these minutes.**

3. Recruiting New Members

· Rick Brooks noted that the council has openings. The following needs were identified: small business employers, consumers – especially those with racial and/or ethnic perspectives different from the majority. Nominations to the co-chairs are welcome. There is no official screening or voting process, but candidates would be interviewed by the co-chairs to assess commitment and expertise.

4. Health Plan Finances Report

· Chris Koller noted that as promised, this report was circulated to all members after last month's meeting. There was no discussion on the report at this meeting. Mr. Koller welcomed questions or comments from council members now or later. Mr. Delominico pointed availability of similar but much more in depth report from California regulators.

5. Proposed Agenda for the Coming 10 months.

· Rick Brooks review this document, which was developed by Mr. Brooks and Mr. Koller after examining the Council's list of potential items developed in September (also distributed at the meeting), what requirements of the Council were in statute, and the needs of the Commissioner's office.

· An open discussion followed where the following points were made:
i. November Meeting. The issue of BCBSRI board compensations is raised because of a pending request of the Commissioner by BCBSRI. The Commissioner would like broader input beyond just his office and the Council was formed for this purpose. The intended

structure of the meeting would be

- 1. Distribution of non-confidential materials and an analysis by the Commissioner's office to all council members before the meeting**
- 2. Discussion of the application materials.**
- 3. Presentation by BCBSRI officials.**
- 4. Questions and discussion from council members.**

The meeting would be conducted in accordance with the public meetings laws. Public comment from public attendees would be welcome in written form after the meeting.

Council members would not make a formal recommendation or vote for the Commissioner. However, the Commissioner would benefit greatly from the discussion and the sense of the council.

ii. Results of rate filings. The Office has rate hearings it is conducted. Members of the council requested that they receive a summary – once a ruling has been issued – of the ruling of the office and the rationale behind it. This should be in the context of a more general ongoing education about the Office's jurisdiction.

iii. Reserve Levels. There is considerable public interest in what are adequate reserve levels for health plans. BCBSRI has asked for guidance from the Office. The Commissioner intends to hire a consultant who has worked on this issue in other settings and to conduct two public hearings in January, attended by the Council. The Council would accept the consultant's final report and review the

Commissioner's intended actions as a follow up to the report.

iv. Provider Rates. This is a formal study, to be produced by the Council, as mandated by statute. The Commissioner will hire a consultant to perform the study.

v. The revised copy is attached. (note that these include items not reviewed by the Council – the Co-Chairs' recommendations for how to include statutorily required work products; this revised agenda will be reviewed again at the November HIAC meeting)

6. Affordability Principles

Mr. Brooks asked Mr. Koller to introduce this topic. Mr. Koller said that the topic of affordability - what it means and what obligations health plans have to meet these standards – has become an important item for discussion. BCBSRI's charter calls for it to utilize “pricing strategies to enhance affordability”. The Health Insurance Commissioner is also to direct health plans towards policies that promote the common good, including increasing quality, efficiency and access to health insurance.

The Office has drafted principles of affordability to promote public discussion and to help guide the Office for its work. including rate review.

Different members of the Council acknowledged the difficulty of

pegging an absolute price to define an affordable product. It depends on what constitutes adequate benefits and there is no consensus on this. Even if one could, price is a function of costs. There is also no consensus on how much control health plans exert over costs.

Mr. Quinn pointed to a need for more explicit links between requests to regional medical and general inflation rates.

Ms. Monks expressed a need for price comparisons to assess the relative affordability of a product.

Mr. Delmonico spoke of the difficulty of making decision regarding the implementation of new and more expensive technologies which are included in a global reimbursement rate – for example in hip replacements. This is a different issue from when a procedure is separately reimbursed – such as an MRI.

Health plans were asked their opinions. While subsidizing products to make them affordable for low income populations is desirable socially, this is ultimately the responsibility of government – rather than a private entity. Health plans have an interest in this as well – if healthy people are priced out of health insurance, the remaining risk pool becomes too adverse to sustain.

However, in spite of the difficulty of absolute definitions of affordability and holding health plans to those standards, the Council

agreed with the basis for these principles: health plans should be held accountable for best efforts to address the underlying cost drivers to increase affordability. This requires partnerships with the public and aligning interests – providers often resist attempt to control price increases and patients often do not have the information or the interest to make treatment choices that take into account costs.

Messrs. Quinn, Boyd and Delmonico all spoke of the lack of information in the public – about what is driving health care costs in general, and the costs of specific treatments. Members also spoke of the lack of public dialogue on trade-offs in health care financing – if every body can't have everything, how are resources to be allocated?

Members of the Council differed in their opinions about consumers' ability to be held accountable for these costs.

In spite of these broad-reaching conversations, few specific changes to the standards were suggested. Mr. Koller will make the minor modifications to the principles which did emerge and use them in the Office's work. A revised copy is attached.

7. Next Meeting

a. Tuesday November 15th (third Tuesday of month). 5 pm. DBR

Attachments: Upcoming Agenda Items (Revised, still Draft)

Revised Affordability Principles

Roster for HIAC